

January 28, 2004

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue NW
Washington D.C. 20551

Attn: Docket Nos. R-1167, R-1168, R-1169, R-1170, R-1171

Dear Sir or Madam:

The Minnesota Bankers Association (MBA) is pleased to have the opportunity to comment on the proposed rule to revise Regulations B, E, M, Z and DD's required disclosures. The MBA is a trade group representing over 500 Minnesota banks. The MBA membership includes a broad range of banks, from independent community banks to regional banking organizations operating in multiple states.

The MBA believes that the current disclosure requirements are satisfactory and is concerned that the proposed revisions will be expensive to comply with, create litigation risk for banks, and may actually be less helpful to consumers than the existing requirements.

While making disclosures more understandable for consumers is an important goal, the Board does not identify a problem with the existing disclosure requirements. The Board states that its goal is to facilitate compliance and ensure consumer understanding of the regulations. This, apparently, is to be achieved through standardization of disclosure requirements. While banks appreciate consistency among regulations, any additional regulatory burden should be justified by a real need.

In order to comply with the regulatory changes in five regulations, banks will have to review every disclosure required under those regulations and determine whether bullet points should be added, margins widened, and line spacing adjusted. The disclosures would also be reviewed for "understandability." The disclosures would then need redrafting and reproducing. This would be a significant compliance burden for banks.

In addition, the requirements appear unclear and consequently may lead to lawsuits over their meaning. For example, the proposed rules require that the disclosures be "reasonably understandable" and use "everyday words." These are subjective terms that may inspire disgruntled customers to let the courts decide what the terms mean.

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Making disclosures more uniform between the six regulations does not necessarily translate into improved comprehension for customers. Two of the regulations relate to deposit products while the other three are lending regulations. When a customer obtains a loan, it will not matter to the customer that the loan disclosures have the same standards as the deposit disclosures given when he opened his account. In addition, the proposed requirements will likely make the disclosures longer. The longer the disclosure, the less likely it is that a customer will actually read it.

We thank you very much for considering our input on these proposed revisions. If you have any questions concerning this comment letter, do not hesitate to call me at (952) 835-3900.

Sincerely,

Teresa E. Rice
General Counsel